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PURPOSE

The purpose of this report is to request Council's approval of the 2012/2013 draft operational and capital budget.

BUDGET CONTENTS AND FORMAT

National Treasury through Local Government: Municipal Finance Management Act 2003, Municipal Budget and Reporting Regulations provided guidelines on the content and format standards of the budget as well as supporting documentation to which all municipalities are required to adhere to in respect of the 2012/2013 budget year.

The reason why National Treasury provided guidelines on the budget and supporting documentation is to ensure:

- Compliance with legal requirements for an approved budget
- Strengthened oversight by council and improved performance by officials
- Readability of and linkages within the budget documentation
- Satisfaction of stakeholders' information needs (councillors, community, etc.)
- Facilitation of comparability between municipalities

BUDGET PREPARATION PROCESS

The annual budget in respect of the 2012/2013 financial year has been prepared according to the approved Budget Process Plan and consists of the following six processes: as per Circular 10

- **Planning** - Schedule of key dates, establish consultation forums, review previous processes. Table a time schedule outlining key deadlines for reviewing the IDP, preparation, tabling and approval of the budget.

- **Strategizing** - Review IDP, set service delivery objectives (3 years); Consider local, provincial and national issues; Consider local, provincial and national priorities.
- **Preparing** - Prepare budget, revenue and expenditure projections; Draft and amend policies; Consider local, provincial and national priorities.
- **Tabling** - Table draft budget (90 days prior to new financial year), IDP & Budget related policies, consult and consider formal responses from local, provincial and national.
- **Approving** - Council approves the budget and related policies
- **Finalizing** - Publish and approve Service Delivery and Budget Implementation Plan (SDBIP) and annual performance agreements and indicators

MUNICIPAL BUDGET

The local government: Municipal Finance Management Act No.53, 2003 places a premium on the alignment/ integrated of the IDP with the budget. This alignment is important in the case of Lekwa-Teemane Local in ensuring that the IDP and budget re in synergy. The SDBIP also needs to be developed and approved by the Mayor for the implementation of the service delivery and the Annual Budget. The SDBIP consists of the monthly revenue and expenditure projections, quarterly services delivery targets and the performances indicators.

The objective of the MFMA is to ensure a secure, sound and sustainable management of the fiscal and financial affairs and of the municipality by establishing norms and standards and other requirements:

- a) Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of the municipality

- b) The management of their revenues, expenditure
expenditure, assets of their revenues, expenditure
expenditure, assets and liabilities and handling of t
- c) Budgetary and financial planning processes and
processes with process /of the organs of state in of
- d) Borrowing
- e) The handling of the financial problems in municipal
- f) Supply chain management
- g) Other related matters

BUDGET RELATED

It should be noted that the budget related pol
councillors and other stakeholder. The foll
related policies are used to guide the munic
2012/2013 Budget, namely:

- Creditors, Councillors sans Staff Paymer
- Budget Policy
- Rates and Tariffs Policy
- Banking and Investment
- Supply Chain Management
- Investment Policy
- Goodwill Fund Framework Policy
- Rates policy

ATTACHED SCHI

- Asset Management Policy Procedure an
- Lekwa-Teemane Local Municipality: Cr
Law
- Lekwa-Teemane Local Municipality by L: